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DE RUEHKL #0580 1900615
ZNR UUUUU ZZH
R 080615Z JUL 08 ZDK
FM AMEMBASSY KUALA LUMPUR
TO RUEHC/SECSTATE WASHDC 1314
INFO RUEHRC/USDA FAS WASHDC
RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHG/USMISSION GENEVA 1584

UNCLAS KUALA LUMPUR 000580

SIPDIS

STATE FOR EEB/TPP/MTA - CHEVER VOLTMER, EEB/TPP/ABT - GARY CLEMENTS
AND EEB/TPP - MIKAEL LURIE
STATE ALSO FOR EAP/MTS AND EAP/EP
STATE PASS USTR FOR WEISEL AND BELL
GENEVA FOR USTR

E.O. 12958: N/A

TAGS: EAGR FAID ECON ETRD ENRG TBIO MY

SUBJECT: THE PRESIDENT'S GLOBAL FOOD SECURITY INITIATIVE AND TRADE

REF: A) STATE 52628
B) KUALA LUMPUR 357
C) KUALA LUMPUR 476

¶1. Econoff passed information on the President's Global Food Security Initiative (ref A) to Abdul Rahman Mamat, Secretary General, Ministry of International Trade and Industry (MITI). On June 20, 2008, we received the following written response from Zulkafli Abdul Karim, Senior Director, Multilateral Trade Policy and Negotiations, MITI:

"We welcome the United States Global Food Security Initiative and Trade, and note the measures outlined to address the issue of increases in food prices world-wide.

The world-wide increase in food prices is discomforting and has adversely affected Malaysia too. For Malaysia this development calls for actions on increasing productivity of agriculture and food industries globally.

At the same time, the resultant high income of farmers presents an opportunity for the pertinent developed countries to undertake agriculture reforms in line with the expected outcomes of the Doha Round negotiations, in particular the removal of unfair trade distorting subsidies in agriculture.

Malaysia is committed to seeing an early conclusion of the Doha Round. We need to work expeditiously to conclude in particular the agriculture negotiations, with a view to securing positive outcomes across the pillars of market access, domestic support and export competition."

¶2. Ref B provides an overview of the impact on Malaysia of rising prices for food and commodities. In the last two months Malaysia's food supply has stabilized further. The price of Thai B rice has dropped from a high of USD 1080 per metric ton in April to about USD 770 per ton. Malaysia's monopoly rice importer Bernas is confident about its ability to continue to meet rice demand in Malaysia, and is expected to start building up its stock of rice once the price of Thai B rice drops to around USD 660 per ton. With food prices stabilizing, Malaysians have been more focused in the last month on the price of fuel rather than food prices, including most prominently the 40 percent price increase for petrol announced on June 4 (ref C).

KEITH